BOOK REVIEW: *ILLIBERAL REFORMERS: RACE, EUGENICS, & AMERICAN ECONOMICS IN THE PROGRESSIVE ERA*

ALEXANDER C. CARTWRIGHT*

Thomas C. Leonard: *Illiberal Reformers: Race, Eugenics, & American Economics in the Progressive Era*. Princeton University Press, 2016. ISBN: 9780691175867.

Thomas C. Leonard presents an intellectual history of the Progressive Era from the perspective of economists. It is hard to understate the influence this group had in developing Progressive ideas. Leonard brilliantly details how Progressive economists wielded enormous influence not only in spreading ideas about traditional economic concepts, but also ideas and theories that influenced political and civil liberties. In short, Leonard's book is a must-read for everyone remotely interested in political economy.

After the Reconstruction period, record economic growth, mergers, and labor movements all ignited a call for a new economics to understand the new economic world. From 1880-1900, economics became a university discipline, "transforming American political economy from a species of public discourse among gentlemen into an expert, scientific practice"

* Alexander C. Cartwright is a PhD candidate in economics at George Mason University & adjunct professor of economics at Ferris State University.

CITATION INFORMATION FOR THIS ARTICLE:

Alexander C. Cartwright. 2016. "Book Review: *Illiberal Reformers: Race, Eugenics, &American Economics in the Progressive Era*." *Libertarian Papers*. 8 (2): 329-335. ONLINE AT: libertarianpapers.org.

(Leonard IX). While many economists of the time had recognized the virtues of free markets, it was thought that "they now produced inefficiency, instability, inequality, and a tendency toward monopoly" (Leonard 9). In response, the Progressives gave us the social science professor, the scholar-activist, social worker, muckraking journalist, and expert government advisor. (Leonard X). All of these reform-vocations, according to Leonard, sought to replace the invisible hand of the market with the visible hand of the administrative state.

Leonard argues that the intellectual roots of the American economists were planted in Germany and the work of the German Historical School. The Germans criticized 'English' political economy for believing in natural economic laws. In contrast, members of the German Historical School observed history and looked for patterns in the data (Caldwell 2003). Studying history was important because without natural economic laws, "an economy was the path-dependent product of a nation's unique development" (Leonard 17). Naturally, if there are no economic laws then the economist can step in to drive development in the way he sees fit. Even Kaiser Wilhelm I attended lectures by Gustav von Schmoller, a—if not the—leading figure of the German Historical School. The ideas and practices of the German academy had a profound influence on American PhD economics students during the 1870s-1880s. The Germans not only passed on an intellectual tradition to young American economists, but also elevated the role of economist to economic reformer—a distinguished vocation (Leonard 18).

Armed with German PhDs, the American economists returned home to a booming academic market. In 1880 there were a mere three faculty members at top schools in the United States who devoted most of their time to political economy (Leonard 18). Between 1870 and 1900 the number of students at American universities quadrupled, and the number of students studying economics exploded: "In 1880, college courses in Latin outnumbered courses in political economy by ten to one… By 1912, only English had more undergraduate majors than did economics at Yale University" (Leonard 19).

The Progressives' first intellectual move was to discredit liberal individualism. Individualism was selfish, unchristian, and because it was not focused on the collective, confused. Since the Progressive economists saw economic life as historically contingent, the new industrial capitalism required a new relationship between the state and the economy. The German Historical School also supported viewing the nation as an organism, implying that because the sum of all individual actions produces a result greater than the sum of its parts, the individual was not the appropriate unit of analysis. Leonard argues that the rejection of individualism is best exemplified in

Edward A. Ross's concept of "social control, which referred broadly to all means, public and private, by which 'the aggregate reacts on the aims of the individual wrapping him out of his self regarding course, and drawing his feet into the highway of the common weal'" (Leonard 22; emphasis in original).

Leonard masterfully explains how Ross's 'social control' was borne out of the intellectual influence of Lester Frank Ward. His ideas were so highly celebrated at the time that Ross was inspired to write that Ward towered over Aristotle as an intellectual figure (Leonard 23). Leonard argues that Ward was responsible for using the German Historical School to establish two pillars of Progressive thinking in the United States: first, the individual is not the proper unit of account; and second, humanity is the agent of its own destiny (Leonard 23).

Having rejected individualism, the Progressives had to somehow know what society wanted or, perhaps 'needed.' The expert scholar-reformer-Progressive was built to fit this role. Francis Amasa Walker, the first President of the American Economic Association, utilized his position to establish economists as Progressive reformers. The organization allowed economists to appear to be disinterested, objective, professional experts, whose affiliations were not connected to any special interest (Leonard 28).

If economists themselves were to have any epistemic value beyond the market itself, they needed to break away from laissez-faire. After all, "how much scientific expertise, Louis Menand writes, was required "to repeat, in every situation, 'let the Market decide?'" (Leonard 28). Leonard argues that the political events of the day fused well with Walker's goals: "financial crisis, economic panic, violent labor conflict, a political war over monetary policy, and the takeoff of the industrial merger movement combined to generate a groundswell of support for economic reform" (Leonard 30).

The expert economist was suited to organize government along business lines to be more efficient. Though it may appear that these economists seemed to admire business organization while opposing free markets, they did not see a contradiction. Thorstein Veblen's star student, Wesley Clair Mitchell, explained that coordination within a firm was carefully planned, but spontaneous market coordination among firms was wasteful (Leonard 56). It was in this regard that the Progressive economists were relatively unconcerned about large corporations; they saw antitrust laws as destructive since fewer firms would lead to more organized plans (Leonard 59). Additionally, economists' admiration for experts and expert management allowed Frederick Winslow Taylor's The Principles of Scientific Management—Taylorism—to become "a progressive manifesto" (Leonard 60).

Taylor-inspired efficiency was not limited to economic life: via eugenics, efficiency could also be applied to personal and social life, and since the individual was not the node of social analysis or social change, in order to improve society, eugenics needed to take on this role. Leonard goes to great lengths to demonstrate just how mainstream and extensive work on eugenics was during the Progressive Era. Charles Van Hise, president of the University of Wisconsin, "demanded that 'human defectives' surrender to the state control of their genetic resources," and publicly proclaimed, "'we know enough about eugenics so that if that knowledge were applied, the defective classes would disappear within a generation'" (Leonard 61).

William Z. Ripley, a president of the American Economic Association, advisor to President McKinley, and MIT economist profiled in the New York Times, authored the most influential racial taxonomy of the Progressive Era: The Races of Europe (Leonard 71). Admiration for this type of scholarship was not unique to the United States: Great Britain and Ireland awarded their highest scientific honor to Ripley: the Huxley Medal (Leonard 72). When combined with evolution, eugenics "awakened the world to 'the fact of its own improvability'" (Leonard 90). With this scientific foundation, the Progressives obtained the scientific authority to "compel human subjects for an unprecedented measurement enterprise, carried out to identify and cull inferiors, all in the name of improving the efficiency of the nation's public schools, immigration entry stations, institutions for the handicapped, and military" (Leonard 74).

Eugenics gave rise to the idea of 'race suicide,' which the minimum wage was introduced to combat. Workers and economists were anxious about jobs being given to the lowest bidder. Eugenics taught them that inferior races required smaller amounts of money to live on; hence, the superior Anglo-Saxon was priced out of the market. "John R. Commons and John B. Andrews informed readers of their Principles of Labor Legislation that Chinese, Japanese, and Hindu immigrants willingly 'accept wages which to a white man would mean starvation'" (Leonard 134). With jobs, the inferior races could multiply while the superior races would diminish. In this line of thinking, the greater good and future of society could be protected by a minimum wage that, along with immigration restrictions, would price non-whites out of the market. Progressive economists even advocated suspending famine relief efforts overseas because famines affecting certain races would lead to race improvement (Leonard 135).

The Progressive Era economists were not only anti-immigrant, racist, and filled with little regard for civil or political liberties: their policies also targeted women. Leonard summarizes this strategy in terms of a three-pronged plan: "Frist, restriction of women's hours would return mothers to the home. Second, the reduction in female labor competition caused by the first tactic would increase men's wages sufficiently to support a family. Third, women without a male provider would receive mothers' pensions in the form of state payments to fatherless families with children" (Leonard 174). According to Leonard, it's a mystery why many women within the Progressive movement allowed for policies to "reinforce rather than confront traditional notions of woman as the inferior sex, weak, defenseless, selfless" and properly suited to take care of a home (Leonard 183).

A variety of works, if not an entire literature, has documented how Progressives advocated economically destructive policies. However, Leonard is able to show how such economically destructive policies "did not stop at property and contract rights" (Leonard 191). Progressive-era policies mauled civil and political liberties, "trampling individual rights to person, to free movement, to free expression, to marriage, on grounds that their inferiority threatened America's economic and hereditary security" (Leonard 191).

This brilliant book serves as a shining example that ideas and intellectuals, while perhaps dominated by special interests at any one moment, have a profound influence on the world in the long run. It is a reminder of how widespread and powerful bad ideas can become. Even ideas with extremely weak and scarcely understood intellectual foundations can become the height of intellectual fashion: modern day behavioral economics comes to mind. Yet we should view Leonard's book as a reminder that, with work, the power of ideas can be advantageous for liberty too.

The book also points to the proper role economists ought to play in society. While today, certainly, leading economists are not racist, anti-feminists who advocate minimum wages and starvation as methods of race cleansing, the policies they advocate should remind us that the economist has no special knowledge or privilege to plan the economy. While policy beliefs may have shifted, the essence of the original progressive line of thought, as described by Leonard, still permeates progressivism and parts of the economics profession today: economists in various governments believe they can 'nudge' irrational actors toward 'better' decisions; economists in central banks believe they can moderate business cycles; economists in ivory towers believe they can help plan development in other countries via foreign aid. This is only a brief list of many potential examples. While Leonard's work consists of purely positive analysis, it does underscore Buchanan's call in "What Should Economists Do?" for economists to keep engineering problems separate from economic problems by studying exchange and the institutions that give rise to it in both the private and political spheres.

Considering that progressives were able to successfully defeat laissez-faire intellectually, Leonard's book has numerous important implications for the protection of liberty. Consider the contrast between the German Historical School and the English economists. Among their champions was John Stuart Mill. Leonard points out that, "Mill was no apologist for capitalism. When he wrote, 'laisser-faire should be the general practice' he was not extolling the virtues of free markets… Mill, rather, feared that government curses were worse than market diseases, and he spoke from experience" (Leonard 32). In other words, the ultimate defense for free markets was simply that, as an empirical historical matter, they seem to be more robust to error than government. However, if economic methodology implies there are no natural economic laws (and therefore the economic future lies in the hands of those who choose to control it), Mill's defense is not nearly as strong.

Though critiques of Progressive Era economics are beyond the scope of Leonard's work, Mill's defense of laissez-faire reminds us of the importance of Hayek & Mises. The Progressive economists relied on arguments about the wasteful nature of competition, the desirability of planning, and the economist's ability to know what society desires. If the economic problem is truly one of knowledge that only the market process itself can solve, it is not a historical accident that markets seem to work better, nor is it the case that economists in government can, theoretically (though much less efficiently), accomplish the allocation of resources markets do. Mises & Hayek, by emphasizing the discovery process of competition, the subjective characteristics of knowledge, and the impossibility of planning, form a much stronger critique of the Progressives than neoclassical economics—many of whom became market socialists.

Finally, Leonard's work is a reminder of the importance of preserving the primacy of the individual—especially methodologically. Once the individual is no longer central to social science, analysts are left with studying aggregates, which are prone to manipulation because no one individual can influence them. Furthermore, by abandoning the individual, the social scientist is given license to be far less humble: taking individual rights, actions, and knowledge seriously requires putting primacy on the individual methodologically.

A skilled historian of economic thought could illuminate this era even more if he were to connect this work to the rise of Keynes, but Leonard never mentions him in the book. Perhaps Keynesian influence on Progressive economists deserves its own volume. Still, it is hard to overstate the richness of Leonard's research. There is no shortage of primary-source citations to support each of his claims—properly so, as Leonard has an important lesson to teach: Progressive-Era economists were no heroes. In a packed 200 pages, Leonard shows us that "what progressives called social control, has survived the discredited notions once used to uphold it." This author reads Leonard's largest conclusion as a call to action. With such historical grounding, economists can and should push market-oriented ideas forward with conviction—the job is not finished (Leonard XIV).